



TOWN OF LOS GATOS

CIVIC CENTER
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LOS GATOS, CA 95031

May 15, 2006

Honorable Mayor and Town Council

I am pleased to submit to you the Proposed FY 2006/07-2010/11 Capital Improvement Program (CIP) for the Town of Los Gatos. The five year program continues to fund various priority infrastructure improvements in the Town, with ongoing special emphasis on the Town's street system. FY 2006/07, the first year of the five-year plan, funds a variety of street, street safety, and streetscape improvements, totaling approximately \$4.4 million including carryover funding unexpended from the prior year. Staff recommends that the street improvements scheduled for FY 2006/07-2010/11 remain as one of the highest priorities in the Town's CIP. Additional capital projects which are funded include improvements to parks, bridges, retaining walls, parking, and various Town facilities. The plan is comprised of the following elements:

- Carry-forward projects from the prior year as part of the multi-year phasing of projects;
- Additional new funding appropriated to projects carried over from the prior year;
- New projects not previously programmed.

The proposed five-year plan totals \$17.0 million dollars. \$8.8 million is proposed in the first year (FY 2006/07) comprised of approximately \$4.2 million in carryovers from FY 2005/06 and approximately \$4.6 million of funding for new projects or new additions to funding for current authorized projects carried forward from FY 2005/06.

FINANCIAL OVERVIEW

As in past years, the Town continues to be challenged in its attempts to find a reliable ongoing source of revenue for the capital improvements program. Only one source of funding, Gas Tax, is an ongoing annual source of revenue for Town capital improvements. Other sources are either one-time (grants and bond proceeds) or ones that fluctuate with the economy and the state budget. The most significant of the other sources of funding to the Town's capital program is annual General Fund savings from the operating budget. Per the Town's 2005 update to the Reserve Policy, 50% of the savings is placed into the Reserve for Future Capital and Special Projects upon the close of the fiscal year. Issuance of long-term debt is another source of infrastructure funding the Town has used in the recent past. The Town successfully issued approximately \$10.7 million in Certificates of Participation (COP's) in July 2002 to provide funding for eligible priority projects within the Redevelopment Agency's project area. These projects included improvements in the Downtown Redevelopment Project Area such as the Town Plaza Reconstruction project, Downtown Streetscape and Street Reconstruction projects, and Alleyway projects, among others. The bulk of the unspent bond proceeds remaining from the July 2002 COP's (approximately \$807,000) is expected to be carried forward to FY 2006/07 and used for funding the completion of the Downtown Sidewalk and Street Improvements project. Given the current bidding environment due to the high cost of asphalt and oil based products, the final scope of work for the project

is yet to be determined.

At the March 2006 mid-year update, the Town Council was informed that staff was expecting excess budget savings at year end FY 2005/06. The budget savings are obtained from under-expending the General Fund operating budget or from General Fund operating revenue surpluses. These savings are then available at fiscal year-end to increase General Fund reserves. If the projections hold true for FY 2005/06, some level of budget savings or revenue surplus is expected. As noted earlier, the Town's updated reserve policy provides for half of the budget savings to be placed in the Reserve for Future Capital and Special Projects. This reserve has a present balance of approximately \$2.4 million as of July 1, 2005. This year, the recommended first year of the 2006/07-2010/11 CIP includes a transfer of \$150,000 from the Reserve for Capital and Special Projects to be used as an additional funding source in FY 2006/07. This amount equals the transfer made in FY 2005/06 and is double the \$75,000 transferred in FY 2004/05. The recommended transfer amounts are increased substantially for the out years of the plan (year's two through five). Staff projects sufficient balances from actual and projected budget savings to build the reserve from its current level to an amount sufficient to provide an additional funding source for important CIP needs such as street repair and resurfacing projects, while still leaving a healthy balance (approximately \$800K) in the reserve at the end of the Five Year Plan. For a historical comparison, there was a five year period between FY 1993/94 through FY 1997/98 where the Town made no General Fund savings transfers to the Town's Capital Program Funds.

The Proposed 2006/07-2010/11 CIP reflects only \$2.6 million from ongoing dedicated sources (Gas Tax) during the five year period to help fund the proposed \$17.0 million of funded capital improvements. The \$14.0 million remaining balance is funded primarily from General Fund savings that have accumulated and reserved over recent years for capital improvements (\$6.2 million), Grant Funds (\$5.3 million), Redevelopment Agency bond proceeds from the FY 2002/03 financing (\$870,000), Utility Undergrounding Funds (\$800,000), and Storm Drain Funds of (\$307,000).

Despite the cyclical nature of available revenues, the Town is still compelled to invest in maintaining its infrastructure assets. All physical facilities such as road surfaces, building, and other capital assets have a useful life and must be eventually refurbished, reconstructed, replaced or disposed. The useful life of these assets can be extended through a regular program of preventative maintenance and repair.

Funding for Investment in Streets

An ongoing funding challenge for the Town is the annual street maintenance program. In past years, the Town Council has acknowledged the value of improving the Town's streets to a desirable average pavement condition index of 75 (100 being best). At that time, it was estimated this would be a multi-year effort, requiring approximately \$15 million dollars of expenditure to meet the Town's goal to raise its average street pavement condition from 64 to 75. Current street improvement projects contained in the FY 2005/06-2010/11 CIP reflect substantial dollars spent, carried forward, or committed in the Plan for street repair and reconstruction. As presented below, CIP street repair and reconstruction projects expended or encumbered to date have a value of approximately \$13.4 million, with a total of approximately \$5.7 million of additional street improvements planned through 2010/11:

Expenses & Funding Source	Expended FY 2000/01 thru FY 2005/06	Estimated Carryforward	New Funding 2006-2011	Total Funding 2006-2011
Town GFAR	\$ 9,109,335	\$ -	\$ 2,000,000	\$ 2,000,000
Town Gas Tax	2,263,397	40,000	2,540,000	2,580,000
Town RDA	1,989,090	806,850	-	806,850
STP Grants	-	-	272,170	272,170
TOTAL	\$ 13,361,822	\$ 846,850	\$ 4,812,170	\$ 5,659,020

The most recent update to the Town's pavement condition index confirms the results of the significant investments made by the Town. A detailed report submitted in January 2006 by the consulting civil engineering firm of Harris and Associates indicated the Town's street repair work has led to a rise in the PCI from a low in past years of 64 to a current value of 75.

Engineering studies performed on the condition of the Town's streets continue to suggest that the Town should allocate approximately \$1.5 million annually (at a minimum in today's dollars) of ongoing funding for street resurfacing and repair for preventive maintenance purposes to maintain this PCI rating. The study concludes that funding of less than \$1.5 million a year may require higher costs in the future to reconstruct streets that have deteriorated below a level that may have been maintained with a less costly overlay treatment. The FY 2006/07-2010/11 CIP allocates approximately \$5.7 million (including carryovers & RDA funds) to street repair and reconstruction over the next five years and \$4.0 million of street related improvements, with approximately \$1.0 million allocated each of the last three years for street repair and reconstruction projects. The FY 2006/07-2010/11 CIP's total investment in streets has been increased by approximately \$1.5 million of GFAR funding than planned for in the prior year's CIP. This new level of funding raises the projected commitment for street repair work to approximately \$1.0 million per year in the out years of the FY 2006/07-2010/11 CIP. This is a positive development for the Town; however, more than half of the \$5.7 million of street repair and reconstruction projects planned for expenditure in FY 2006/07-2010/11 is comprised of one-time funding sources such as GFAR, RDA COP's, and grant funding. Revenue from the Gas Tax is the Town's only steady and continuing source of funds for road improvements and amounts to slightly more than \$500,000 a year. A reliable source of ongoing funding must be found to replace and augment these one-time sources if the Town desires to continue an ongoing street maintenance program in future years.

A \$1.5 million annual investment in street improvements would keep the PCI at its current level of 75 or slightly higher in five years (by FY 2010/11), while a \$1.0 million annual investment would result in a PCI of 74 in the same time period. It is important to note that under either scenario, the deferred maintenance associated with the Town's streets in the worst condition (those requiring costly reconstruction) continues to grow.

Assuming the Town's \$500,000 allocation of Gas Tax Funds is available each year to fund a portion of the street program, options for achieving the additional \$1.0 million a year (to arrive at the annual investment target of \$1.5 million) needed for maintenance include: 1) reducing the operating budget by this amount and allocating it on an annual basis to the street program; 2) continuing the current method of allocating unexpended operating costs from year to year, taking the chance that sufficient funds will be available; 3) exploring the feasibility of a voter-approved General Obligation Bond issue to generate new revenue dedicated for street improvements and/or other capital projects or of some form of assessment district for street improvements within specific areas or (4 other variations of debt financing.

As in years past, staff will continue efforts to maintain a work plan to address the Town's overall pavement condition within funding limitations. Staff will review current street repair plans to verify that

they encompass the use of best practices in materials, selection, and construction/project management and will recommend modifications to current plans if needed to best achieve the Town's street improvement goals.

CIP PROCESS OVERVIEW

The FY 2006/07-2010/11 CIP is a comprehensive five-year capital improvement plan designed to identify projects and funds required to adequately develop and maintain the Town's infrastructure.

Various master plans are used to help guide the development and maintenance of existing infrastructure, as well as future capital improvements. The following plans provide a foundation for developing goals and priorities for capital improvement projects:

- General Plan
- Street Improvement Program
- Storm Drain Master Plan

As it develops and matures in its application, the Town's Infrastructure Needs Assessment Program will further emphasize the Town's long-range Capital Improvement Program, focusing attention on the current and future infrastructure needs of the community and balancing the community's needs with funding requirements and financial resources.

Capital Program Description

The Town's capital projects are categorized into three programs shown below which reflects a change from the four categories shown the prior year. The prior year had a category titled Redevelopment Agency (RDA), which is more accurately portrayed as a funding source rather than a capital improvement program category. RDA projects now are categorized as either streets, parks, or public facilities as described below:

The Streets Program provides funding for a functional street and pedestrian system. Proposed projects are consistent with the General Plan; provide a safe and efficient traffic flow through intersections while minimizing unnecessary traffic movement and noise through residential neighborhoods; and street lighting for traffic safety at intersections and on public streets. Also included are sidewalk improvements. The primary source of financing for this program comes from year end General Fund savings, Redevelopment Agency funds, and Gas Tax Fund revenues.

Within the Street Program, two projects use funding from the Storm Drain Fund in FY 2006/07 as they include the construction of drainage facilities in addition to other street improvements. This program relies on a previously established Town charge of 75 cents per square foot of impervious surface created by development. Depending on the level of development activity, these fees produce between \$100,000 to \$250,000 annually.

The Utility Undergrounding Fund is another funding source for activities generally undertaken in conjunction with street improvement projects. The Utility Undergrounding fund derives from a Town construction tax of 18 cents charged for each square foot of building addition or alteration within the Town, and from Rule 20A funds allocated from a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually. Total cash balances currently on hand from the utility undergrounding construction tax are approximately \$2.0 million at FY 2005/06 year end. \$800,000 in funding for Highway 9 in the vicinity of University and Santa Cruz Avenues utility undergrounding project is being proposed in years four and five of the FY 2006/07-2010/11 CIP.

The Public Facilities Program includes projects for constructing and making capital repairs to public buildings and purchasing equipment. Town buildings include the Civic Center, Neighborhood Center, Service Center, Tait Avenue and Forbes Mill Museums and partial service to the Recreation Center, which is a Town-owned building leased to the Los Gatos-Saratoga Recreation District. There is no designated revenue source for this program, and any allocations generally come from General Fund savings unless grant funds apply to specific improvements such as Community Development Block Grant funds for ADA improvements. Although the Town owns the three fire stations in the Town limits they are maintained by the Santa Clara County Fire District per its contract with the Town.

The Parks Program includes projects for parks, park buildings, urban forestry, and urban beautification. There is no designated revenue source for this program except for budgeted allocations from General Fund savings, grants and State park bond funds.

CIP Development Process

The long-term Capital Improvement Program (CIP) includes projects that have a value of \$25,000 or more with a minimum useful life of 5 years at a fixed location. Equipment, operating and maintenance costs associated with the CIP projects are identified where feasible, and will be included in future operating budgets. Cost estimates for new projects are based on 2006 dollars; however, estimates for carryover projects from the prior year are updated as necessary to recent engineer's estimates based upon current design specifications.

Under direction from the Town Manager's Office, the Parks and Public Works Department took the lead in the preparation of the proposed projects for consideration in the 2006/07-2010/11 Capital Improvement Program. In coordination with other Town departments, projects were reviewed to ensure that the Town's priorities are addressed in the proposed program within available resources. In some cases, previously approved projects have been deferred due to reallocation of funding (for example the Oak Meadow Park Trellis and Arterial Study, among others) and thus have been noted as unfunded priority projects in each program section of the CIP.

The Town Manager, Finance Director, and Parks and Public Works Director reviewed the prioritized list of proposed capital improvement projects and funding sources in conjunction with the preparation of the FY 2006/07 Operating Budget. The Proposed CIP is then presented by the Town Manager to the Town Council. The Proposed CIP is also submitted to the Planning Commission for review to ensure that the proposed projects are consistent with the Town's General Plan. The Planning Commission is scheduled to complete its review prior to adoption of the Proposed CIP by the Town Council.

PROPOSED 2006/07 – 2010/11 CIP OVERVIEW

The 5-year Proposed 2006/07-2010/11 CIP allocates \$17.0 million (including carryovers) for capital projects in the following programs:

Five Year CIP Summary	By Category	By Program
<i>Streets</i>		
Reconstruction - Repair & Resurfacing	\$ 5,734,730	
Maintenance & Safety	2,054,000	
Street Improvements	3,994,679	
Bridges	2,104,735	\$ 13,888,145
<i>Parks</i>		
Parks	1,493,149	
Trails	465,000	1,958,149
<i>Public Facilities</i>		
Infrastructure	529,336	
Equipment	653,404	1,182,740
TOTAL		\$ 17,029,033

Of the \$13,888,145 in the Streets program, \$1,422,560 (including carryovers of \$806,000 from the prior year) is allocated to street resurfacing projects in FY 2006/07. Total funding for street resurfacing for the next five years is planned at \$5,734,730 and \$3,994,679 is planned for various street improvements such as curb, gutters and sidewalks, retaining walls and safety improvements, among others. Included in the \$1.4 million of street resurfacing work in FY 2006/07 is approximately \$922,000 of remaining COP funds set aside as a funding source for the Redevelopment Agency's Downtown Street Reconstruction project. These funds were provided from the Town's 2002 Certificate of Participation (COP) issue for improvements to eligible streets within the Agency's boundaries, primarily Santa Cruz Avenue and Main Street. Funds for sidewalk repair and replacement are also included in the CIP. Staff continues to recommend a dialogue with the community to explore the concept of cost-sharing arrangements with property owners for sidewalk repair as a way to leverage available funds. After the last discussion of this proposal the Town Council asked staff to schedule a public hearing on this concept. Due to other workload priorities this has not yet occurred.

Summary of Proposed 2006/07-2010/11 CIP Projects:

Although the Proposed 2006/07-2010/11 CIP is a 5 year plan, only the first year of the plan (FY 2006/07) is formally adopted with funds appropriated by the Town Council as part of the budget process. Future year projects are programmed with estimated funding. The scope and funding estimates may change as the fiscal situation and evolving priorities dictate. For FY 2006/07, engineering staff costs and staff costs for merchant/business liaison and support for the downtown street paving project have been allocated to Redevelopment Agency capital projects to reflect the work performed for these projects.

As mentioned earlier, the proposed FY 2006/07 CIP Projects total \$8,838,263. This amount consists of two types of funded projects, the first being carryover projects from the prior year of \$4,232,399 and the second represents new projects or new appropriations to carry forward projects totaling \$4,605,864. The schedule on the following page lists the carryforward and new projects by fund and by program.

2005/06-2010/11 CIP PROJECTS

		Estimated Carryforward	New Funding FY 2006/07	Total Funding FY 2006/07
CARRYFORWARD PROJECTS				
GFAR				
<i>Streets</i>	Street Repair & Resurfacing	-	-	-
	Traffic Calming	55,000	-	55,000
	Hwy 9 Safety Improvements	204,000	-	204,000
	Curb, Gutter & Sidewalk	56,172	83,000	139,172
	Retaining Wall Repair	25,000	-	25,000
	College Ave Walkway Repairs	1,250	-	1,250
	Quito Bridge Replacement	118,730	-	118,730
	Roberts Rd Bridge	490	291,915	292,405
<i>Parks</i>	Skateboard Park (Planned Donations)	-	775,000	775,000
	Shannon Rd Trail	50,000	-	50,000
<i>Public Facilities</i>	Civic Center Master Plan	59,713	-	59,713
	Town Infrastructure Needs	36,370	-	36,370
	Town Beautification Improv	123,253	-	123,253
	PD Computer Aided Dispatch	17,804	-	17,804
Grants and Awards				
<i>Streets</i>	Downtown Street Resurfacing	-	115,710	115,710
	Hwy 9 Safety Improvements	1,495,000	-	1,495,000
	Los Gatos Almaden Street Imprv	255,504	-	255,504
	College Ave Walkway Repairs	16,500	57,250	73,750
	Roberts Rd Bridge Replacement	-	1,693,600	1,693,600
<i>Parks</i>	Park Grant Funds to be Allocated	302,154	(173,000)	129,154
	* Skateboard Park (includes Monte Sereno's park grant contribution)	80,995	100,000	180,995
	Bachman Park Irrigation Upgrades	100,000	-	100,000
	Balzar Field Facility Improvements	130,000	-	130,000
<i>Public Facilities</i>	ADA Projects to be Allocated	-	-	-
	Oak Meadow Park Walkway	-	-	-
Storm Drain				
<i>Streets</i>	Wedgewood Ave Street Imprv	192,614	-	192,614
	Los Gatos Almaden Street Imprv	-	50,000	50,000
Gas Tax				
<i>Streets</i>	Street Repair & Resurfacing	-	500,000	500,000
	Los Gatos Almaden Street Imprv	40,000	-	40,000
Redevelopment Agency				
<i>Streets</i>	Downtown Street Resurfacing	806,850	-	806,850
	Santa Cruz/Wood Gateway Design	65,000	-	65,000
TOTAL OF CARRYFORWARD PROJECTS		\$ 4,232,399	\$ 3,493,475	\$ 7,725,874
NEW PROJECTS				
GFAR				
<i>Streets</i>	Annual Street Restriping	-	50,000	50,000
	School Route Eval & Design	-	30,000	30,000
	Blossom Hill Rd Sidewalk Imprv	-	95,000	95,000
	N. Santa Cruz/Roberts Crosswalk	-	25,000	25,000
<i>Public Facilities</i>	Information System Upgrade	-	425,000	425,000
	Telephone System Upgrade	-	100,000	100,000
	Civic Center Leak Repairs	-	110,000	110,000
	Audio/Video System Upgrade	-	52,000	52,000
Traffic Mitigation				
<i>Streets</i>	Highway 9/University Ave. Intersection	-	-	-
Grants and Awards				
<i>Streets</i>	ADA Sidewalk Ramps	-	27,389	27,389
<i>Parks</i>	Belgatos Parking Lot Resurf	-	25,000	25,000
	Blossom Hill Park Pathway	-	25,000	25,000
	Live Oak Manor Park Imprv	-	38,000	38,000
	Oak Meadow Restroom Repairs	-	40,000	40,000
	LG Creek Trail - Pathway Resurf	-	45,000	45,000
<i>Public Facilities</i>	Recreation Bldg ADA Restrooms	-	25,000	25,000
TOTAL OF NEW PROJECTS		-	1,112,389	1,112,389
TOTAL OF CARRYFORWARD & NEW PROJECTS		4,232,399	4,605,864	8,838,263

FY 2005/06 Completed Projects:

A number of high priority projects will be completed, or closed out financially in FY 2005/06 as depicted in the following schedule. Following the chart are highlights of selected project accomplishments.

FY2005/06 COMPLETED PROJECTS

	Expenditures Prior To FY 2005/06	Expenditures During FY 2005/06	Total Budgeted
GFAR Projects			
Parking Management Plan	\$ 159,484	\$ -	\$ 159,484
Blossom Hill Bathroom Roof	13,300	1,700	15,000
La Rinconada Trail Reconstruction	-	1,271	1,271
Neighborhood Ctr Air Exchange	4,820	51,460	56,280
West Valley Cities Dog Park	-	25,000	25,000
Fire Bell Tower at Tait Museum	-	5,000	5,000
Oak Hill Path Reconstruction	-	1,700	1,700
ADA Compliance - 25 Fiesta Way	-	5,250	5,250
Grants and Awards Projects			
Wedgewood Ave Street Imprv		(grant portion) project cancelled	
Oak Meadow Park Trellis		project cancelled	
La Rinconada Trail	1,361	33,639	35,000
Los Gatos Creek Trail Bridge	-	58,500	58,500
ADA Compliance - 25 Fiesta Way	-	55,412	55,412
Storm Drain Projects			
Alley Reconstruction	-	215,000	215,000
RDA Capital Projects			
Downtown Parking Improvement	526,701	27,599	554,300
Alley Reconstruction	259,166	154,894	414,060
Parking Lot 5 Repairs	-	250,000	250,000
TOTAL OF COMPLETED PROJECTS	\$ 964,832	\$ 886,425	\$ 1,851,257

Alley Reconstruction Improvement Project: The construction of improvements for five alleys in the Johnson/Loma Alta Avenue concluded the Town's Alley improvement project which began three years ago. The Johnson/Loma Alta Avenue alleyways included installation of a new underground storm drain system, and construction of above ground gutters to move surface runoff to new storm inlets and to repair of a number of areas with failed underlying base and top surface. Asphalt surfacing overlays were applied to all five alleyways. Residents have been very positive about the project's success in addressing problem alleyways in the area.

Downtown Parking Improvements: Funds have been concentrated on a number of projects in the downtown area to improve the parking lots and accessibility. Some of the key accomplishments of this project included the construction of South Side, Montebello, Park Avenue and North Side Parking Lot Improvements. This project also completed the Olive Zone sign project and Way Finding sign projects in the downtown and East Main Street areas. The majority of this work was completed in FY 2004/05.

Parking Lot 5 Improvement Project: Expected to be completed in late FY 2005/06, this project will reconstruct Parking Lot 5. The project will include improved handicap parking, replacement of damaged concrete curbs and sidewalk, construction of wheelchair ramps, construction of a landscape island and irrigation lines to existing landscaped islands. The project will also repair the parking lot base, place an asphalt overlay on the lot, and stripe the lot.

FY 2005/06 Accomplishments in Ongoing Projects

Following are highlights of FY 2005/06 accomplishments in ongoing projects:

Streets & Streetscapes - The overlay resurfacing of N. Santa Cruz Avenue was completed as part of the Downtown Santa Cruz Avenue Streetscape project. Staff also completed the FY 2005/06 annual street program, comprised of repairs and resurfacing on approximately 7.5 miles of the Town's streets.

Curb, Gutter and Sidewalk – Town staff installed 2,000 ft. of sidewalk and 200 ft. of curbs and gutter in various locations around the Town.

Retaining Wall Repair and Replacement - A high priority retaining wall was repaired on Oak Hill Way.

Traffic Calming Projects - Current Traffic Calming projects, which are at different stages of process include:

- Wraight Avenue (traffic circle and bulb-outs)
- Massol Avenue (design proposal underway)
- Longridge Avenue (center medians and speed hump)
- Kennedy (working with County on this inter-jurisdictional project)

Highlights of Proposed New Projects FY 2006/07

In addition to the street resurfacing program and completed projects that have already been discussed, highlights of new and selected carryover projects included in the CIP for FY 2006/07 include:

Main St. Resurfacing and Streetscape – This carryover project is the third and final phase of the Downtown Streetscape project. Primarily funded by the Redevelopment Agency, the project includes sidewalk replacement, replacement of a traffic signal and signal box, streetlight improvements and Main Street repaving and curb and gutter replacement. Main Street will be paved from North Santa Cruz Avenue to College Avenue with Redevelopment Agency funds, and from College to Loma Alta Avenue with a Caltrans Surface Transportation Improvement Program (STIP) grant. Due to the recent increases in the cost of asphalt and oil-based products, final scope of the project will be determined based on project bids received.

Highway 9 Safety Improvements – This carryover project is a collaborative effort between the Town, cities of Monte Sereno and Saratoga, and Caltrans. Funded by a Metropolitan Transportation Commission grant, the project will provide bicycle lanes and pedestrian paths along Highway 9. The preliminary design is expected to be completed by Spring 2007, with construction to begin in Fall, 2007.

Blossom Hill Road Sidewalk, Curb and Gutter – This project installs a sidewalk on the east bound land of Blossom Hill Road, between University Avenue and Roberts Road where there is no designated pedestrian area. Constructing a sidewalk will require an earlier transition from two to one lane closer to University Avenue than occurs currently.

School Route Evaluation and Design – This project will evaluate the pedestrian access around Fisher and Van Meter schools, including right of way, curbs, street grading, and storm drain flows. A concept design will be prepared which will be used in the future for design and construction of sidewalks to access these school sites.

Roberts Road Bridge Replacement – This carryover project will replace the existing Roberts Road Bridge, which has deteriorated significantly due to erosion. The bridge replacement, for which staff is

seeking Caltrans funding, will provide a proper width to improve sight distance and traffic safety, placement of the utility lines inside the structure, and seismic protection. Once funding is secured, staff will bring forward to Council an implementation plan.

Park and Trail Improvements – The following projects are proposed for grant funding:

- Oak Meadow Bathroom Repairs – This project will renovate the bathroom facilities with a new roof, new plumbing and lighting fixtures, and an interior and exterior paint job.
- Live Oak Manor Park Improvements – This project will replace existing lighting, replace a gazebo roof over an existing picnic area, add benches, and resurface the basketball court.
- Blossom Hill Park Pathway Resurfacing – This project will repave the asphalt pathways linking Shannon Road and Blossom Hill Road, and the pathway surrounding the baseball field.
- Belgatos Park Parking Lot Repair – This project will resurface the parking lot, which is used daily by park visitors.
- Los Gatos Creek Trail Resurfacing – This project will resurface and stripe approximately 2 miles of the asphalt pathway that have deteriorated over time.

ADA Improvements – New ADA improvements to be undertaken include 1) the modification of sidewalks and medians to improve access for those in wheelchairs and others with physical limitations, and 2) the remodeling of two restrooms in the Town-owned building occupied by Los Gatos Saratoga Recreation.

Civic Center Leak Repairs – This project will repair leaks in various places in the concrete deck serving as a roof over the lower floor of the Civic Center and enlarge deck drains to prevent flooding of plaza level offices. Ongoing leaks have worsened over the years and now require the replacement of waterproof membrane and flashing in the concrete deck between the Police Department and Town Hall.

Information Systems Upgrades – The Town's financial/human resource system is technologically outdated and extremely limited in providing necessary reports and desired online and e-government services. Staff will begin the design and implementation of an upgrade that will allow the Town to better support operations and meet community needs.

Telephone System Update – This project will complete the migration of switching capabilities from the original mid-1980s vintage PBX to the newer switch installed in 2000, without which the Town would be exposed to an unacceptable communications malfunction. The project will also add expansion capability addressing the need for more lines and more robust telephone features.

Outstanding Issues

Police Department Processing Center and Security Gates – Two unfunded projects have been referred to the Civic Center Master Plan process as they involve the addition of facilities and equipment on the Civic Center grounds. It is expected that these projects will be addressed as part of phasing recommendations included in the Master Plan, which is expected to be finalized by the 2006 calendar year end. The Processing Center would address significant deficiencies in the Town's holding cells and interview/interrogation rooms, and provide space for detectives, thus freeing up space for other police functions which are currently very limited. The security gates would provide a secure access to the Police Department for police personnel and for transporting prisoners. Both of these projects will be fully scoped if they are included in the Master Plan for Council's consideration as part of a future CIP.

CONCLUSION

Despite the challenges presented by the lack of ongoing revenue stream available for capital projects, the uncertainty regarding the Town's local economic fortunes, and limited new funding opportunities, the Town's Proposed 2005/06 – 2010/11 CIP continues a strategy of funding the Town's most urgent capital needs. Significant emphasis will be placed on completing the carryover projects, many of which are multi-year or recurring projects, in a timely manner.

Identifying a reliable, ongoing source of funds for capital improvements should remain a priority for the Town. The Infrastructure Needs Assessment project approved in prior years and still being phased into its final implementation stage in the near future is expected by staff to help to frame the scope of capital improvement needs, establish priorities and identify financing alternatives.

I would like to thank: John Curtis, Parks and Public Works Director; Kevin Rohani, Town Engineer; Melissa Huang, Assistant Civil Engineer; Mary Gillespie-Greenberg, Parks & Public Works Analyst; Stephen Conway, Finance and Administrative Services Director; Bud Lortz, Community Development Director; Pamela Jacobs, Assistant Town Manager; Mary Furey, Accounting Manager; Glenda Cracknell, Senior Accounting Technician; and Linda Isherwood, Accountant for their countless hours of work and tireless efforts to present this Capital Improvement Program to the Town Council.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Debra J. Figone', with a stylized, flowing script.

Debra J. Figone
Town Manager

